
LAFCO SERVICE REVIEWS PROJECT

What is a Service Review?

A service review is a comprehensive review of municipal services within a designated geographic area to:

- Obtain information about municipal services in the geographic area,
- Evaluate the provision of municipal services from a comprehensive perspective, and
- Recommend actions to promote the efficient provision of those services.

The Law

Pursuant to Government Code Section 56430, LAFCO is required to conduct service reviews in conjunction with sphere of influence updates. Provided below is the referenced section.

56430. *(a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the sub region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:*

- (1) Infrastructure needs or deficiencies*
- (2) Growth and population projections for the affected area*
- (3) Financing constraints and opportunities*
- (4) Cost avoidance opportunities*
- (5) Opportunities for rate restructuring*
- (6) Opportunities for shared facilities*
- (7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers*
- (8) Evaluation of management efficiencies*
- (9) Local accountability and governance*

(b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area.

(c) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.

(d) Not later than July 1, 2001, the Office of Planning and Research, in consultation with commissions, the California Association of Local Agency Formation Commissions, and other local governments, shall prepare guidelines for the service reviews to be conducted by commissions pursuant to this section.

Benefits of Service Reviews

Service reviews will serve as information tools that can be used by LAFCO, the public or other local, regional and state agencies based on their area of need, or statutory responsibility to:

- Promote orderly growth and development with consideration of service feasibility and service costs
- Encourage infill development
- Learn about service issues and needs
- Plan for provision of infrastructure needed to support planned growth
- Support perspectives that address regional issues
- Develop a structure for dialogue among agencies that provide services
- Develop a support network and promote shared resource acquisition
- Provide backbone information for service provider directories
- Develop strategies to avoid unnecessary costs, streamline and improve public service provision
- Provide ideas about different or modified government structures

Origins of Service Review Requirement

The Commission on Local Governance for the 21st Century that was set up in 1998 to make recommendations on revisions to state law regarding local governance recognized that one of the most fundamental purposes of LAFCO is to “encourage orderly growth and to provide planned, well-ordered, efficient

urban development patterns,” and to “advantageously provide for the present and future needs of each county and its communities.” The implication of these words is that LAFCOs have comprehensive knowledge of the services available within the public agencies of each county and how they interrelate. The Commission found that this was not the case and recommended that LAFCOs undertake service reviews as a response to remedy the issue.

These and several other recommendations made by the Commission were folded into AB 2838 which was signed into law by the Governor as the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) and became effective on January 1, 2001.

Relationship between Service Reviews and Sphere of Influence Updates

The CKH Act requires LAFCOs to update the Spheres of Influence (SOI) for all applicable jurisdictions that provide facilities or services related to development in the county. Government Code Section 56425 defines a SOI as “...a plan for the probable physical boundary and service area of a local agency or municipality...” The CKH Act requires that a service review be conducted prior to, or in conjunction with the update of a SOI. The service review report and determinations will provide information for the SOI updates. The information will enable LAFCO to determine the SOI boundary and establish which agency can provide services in the most efficient way. The SOIs and service reviews may be the basis for other governmental reorganizations.

The CKH Act requires LAFCO to review and update SOIs every five years. Since the requirement became effective on January 1, 2001, LAFCO is required to review and update where necessary, all SOIs before January 1, 2006.

SERVICE REVIEWS WORK PLAN *(Adopted by LAFCO on April 10, 2002)*

The Service Reviews Work Plan calls for the project to be implemented in three consecutive stages. The three stages are as follows:

- Stage 1: Information Collection and Preparation
- Stage 2: Policies and Methodology Development
- Stage 3: Service Review Completion and Adoption

Staff expects to complete Stage 1 and Stage 2 by the end of 2002. The tentative start date for Stage 3 is January 2003.

In order for service reviews to be meaningful and beneficial they must be accomplished with the participation and cooperation of the public and affected local agencies. To this end, the draft work plan contains several opportunities in each stage, for performing public outreach as well as for seeking public and stakeholder input, review and comments.

LAFCO is still awaiting the final version of guidelines from the Governor's Office of Planning and Research (OPR). It is anticipated that it may be necessary to make some minor changes in the Work Plan once OPR's Final Service Reviews Guidelines are released. Additionally, given that service reviews are a new responsibility for LAFCO and that the reviews will take place over several years, it may be required to revise the Work Plan in the future to address unforeseen issues that arise.

STAGE 1: INFORMATION COLLECTION AND PREPARATION

In stage 1, staff will undertake some preliminary steps to get organized with information and resources for conducting service reviews. LAFCO staff has already started to implement some elements of Stage 1. The following is a listing of steps involved in this stage.

1. Map special district boundaries and their Sphere of Influence (SOI) boundaries in Geographic Information Systems (GIS)

[In Progress]

- a. Obtain any hard copy maps of special district boundaries and research location of their existing SOI boundaries

- b. Hire consultant to map special district boundaries and their SOI boundaries and assist consultant in determining the existing boundaries
- c. Circulate draft of maps to special district and other agencies for review and comment
- d. Coordinate, research and resolve any issues before finalizing maps
- e. Place maps on GIS server
- f. Establish system for future ongoing update and maintenance of boundaries.

2. Create and publish a “Profile of Special Districts” in Santa Clara County

[In Progress]

- a. Send letter to special districts requesting basic information regarding area served, services provided, finances and contacts.
- b. Layout information and circulate draft to the districts for review and comment
- c. Finalize document for publication
- d. Publish hard copies, distribute to agencies and make available on LAFCO web site

3. Create and publish a summary or “Profile of Cities” in Santa Clara County

[In Progress]

- a. Send letter to special districts requesting basic information regarding area served, services provided, finances and contacts.
- b. Layout information and circulate draft to the districts for review and comment
- c. Finalize document for publication
- d. Publish hard copies, distribute to agencies and make available on LAFCO web site

4. Review State Office of Planning and Research’s (OPR) “Guidelines for Conducting Service Reviews”

[In Progress]

- a. Review OPR’s Draft and Final Service Review Guidelines when available

5. Identify issues and seek input from stakeholders related to service reviews and/or SOI revisions

[April, May 2002]

- a. Meet with the various agencies: cities, county and special districts to inform them about the service review work plan, seek input and identify issues on STAGE II process and policy issues
- b. Identify other stake holders such as private service providers and other advocacy groups and include them in review process
- c. Check historic LAFCO applications and identify issues deferred to time of comprehensive SOI review or study

6. Hire consultant to assist with work assignments in Stage 2

[April 2002]

- a. Hire consultant to provide staff with guidance and advise on accomplishing *Stage 2* tasks: policies and methodology development.

STAGE 2: POLICIES AND METHODOLOGY DEVELOPMENT

The focus of Stage 2 of the Draft Work Plan is the development of policies and methodology for conducting service reviews. Listed below are the tasks involved in this stage.

1. Prepare draft staff recommendation on method of grouping and prioritizing service reviews

[May-June 2002]

- a. Work with consultant to prepare alternative methods of grouping service reviews (for example, by geographic area, by district, by type of services provided, etc.) along with the associated pros and cons of each method
- b. Work with consultant to develop priorities in conducting service reviews taking into consideration urgency in resolving any outstanding issues, staff workload, regulatory deadlines and other factors
- c. Develop draft staff recommendations on groupings and priorities

2. Develop draft policies for conducting service reviews

[May-June 2002]

- a. Work with consultant to develop and draft local LAFCO policies and procedures for conducting service reviews including policies for

conducting public outreach, adopting final reviews, determining extent scope of reviews etc.

3. Review and revise where necessary, existing LAFCO policies for SOI updates

[May-June 2002]

- a. Review existing SOI policies
- b. Work with consultant to develop and draft new policies for SOI updates referencing service review requirement and other requirements per CKH Act

4. Obtain stakeholder input on draft staff recommendations

[June-July 2002]

- a. Circulate draft policies to various agencies including cities, county and special districts and other stakeholders for review and comment
- b. Meet with affected agencies and stakeholders to discuss issues and seek input
- c. Incorporate comments and prepare final staff recommendations on the groupings, priorities, scope and policies for conducting service reviews as well as for SOI revision policies.

5. Seek Commission approval of final staff recommendations

[August 2002]

- a. Seek commission approval of final staff recommendations at a noticed public hearing
- b. Circulate adopted policies to affected agencies and stakeholders
- c. Make policies available on LAFCO web site

STAGE 3: SERVICE REVIEW COMPLETION AND ADOPTION

Stage 3 of the Draft Work Plan includes conducting the actual service reviews. Prior to starting on each service review, a specific work plan and schedule will be created. Provided below is an overview of the process involved for conducting each service review.

1. Prepare Draft Service Review Report

- a. Hire consultant to perform specific reviews and supervise the preparation of the service review

- b. Develop detailed work plan, schedule public participation process
- c. Develop questionnaire and collect necessary information
- d. Conduct analysis and develop draft determinations
- e. Prepare a Draft Service Review Report

2. Perform environmental review per CEQA

- a. Determine level of environmental review required
- b. Hire consultant to conduct review if necessary and supervise the preparation of the report
OR
Conduct review in-house

3. Conduct LAFCO public hearing on Draft Service Review

- a. Distribute Draft report and provide for 21-day comment period
- b. Conduct a noticed public hearing to accept comment on the draft service review and CEQA review

4. Prepare a Final Service Review Report

- a. Consider and incorporate comments as appropriate
- b. Include comments received during public review period
- c. Prepare a Final Service Review Report

5. Conduct LAFCO public hearing to adopt service review report and determinations

- a. Distribute Final Report 21 days prior to the LAFCO public hearing
- b. Conduct a noticed LAFCO public hearing to adopt the service review report, the service review determinations by resolution and act on CEQA document
- c. LAFCO may adopt other staff recommendations and direct staff to further study issues raised in the service reviews
- d. If the service review supports and if LAFCO has complied with all required processes, it may take action on a SOI update at the same hearing

- e. If the service review supports and if LAFCO has complied with all required processes, it may initiate or adopt a reorganization proposal at the same hearing.

6. Final Steps / Follow up

- a. Distribute the Final Service Review Report to interested and local and all regional planning agencies for use as a resource in their work
- b. Develop schedule and steps to implement the recommendations contained in the service reviews
- c. Propose SOI updates and conduct the required environmental review